IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

INCOME TAX APPLICATION NO.268 OF 2002

The Commissioner of Income Tax,
Central II, Mumbai .. Petitioner
V/s
M/s.Dhanraj Mills Pvt.Ltd. .. Respondent

Mr.B.M.Chatterjee with Ms.P.P.Bhosale for the Petitioner.

CORAM : DR.S.RADHAKRISHNAN &
J.P.DEVADHAR, JJ.

DATE : 5th March, 2007.

P.C.:

1. Heard the learned Counsel for the Appellant. This application has been filed pertaining to the Assessment Year 1992-1993 raising the following question of law:-

i) Whether, on the facts and circumstances of the case and in law, the Tribunal was justified in directing the A.O.to delete the adjustment made u/s.143(1)(a) of the I.T.Act, 1961?

ii) Whether on the facts and circumstances of the case and in law, the Tribunal was justified in holding that Sec.143(1) (a) had been wrongly invoked for disallowing the claim of the assessee on account of finance charges although the claim on account of finance charges was neither quantified nor debited to the profit and loss account by the assessee?

iii) Whether, on the facts and circumstances of the case and in law, the Tribunal was justified in holding that sec.143(1)(a) had been wrongly invoked for disallowing the claim of the assessee on account of finance charges although the liability on account of finance charges had not crystalised during the previous year?

iv) Whether on the facts and circumstances of the case and in law, the Tribunal was justified in directing the A.O. to delete the adjustment on account of finance charges when the provisions of clause (iii) of first proviso to sec.143(1)(a) of the I.T.Act, 1961 empower the A.O. to disallow any

deduction, allowance or relief claimed in the return which on the basis of the information available in such return is prima facie inadmissible?

2. We have perused the order of the Tribunal. The dispute appears with regard to whether finance charges are deductible in computinmg the income of the assessee, is a point on which there can be two opinion.

3. In view of the CBDT Circular No.689 dated 24.8.1994 the Tribunal has allowed the case of the Assessee. The findings of the Tribunal are the findings of facts. In view thereof, there is no substantial question of law involved in this application. Hence, this Application stands dismissed.

(J.P.DEVADHAR, J.) **(DR.S.RADHAKRISHNAN,J.)**